BDIC NWT

BUSINESS DEVELOPMENT AND INVESTMENT CORPORATION

Business People Working for Other Business People

Corporate Plan 2010/2011

Supporting the Economic Objectives of the Government of the Northwest Territories

Northwest Territories Business Development and Investment Corporation

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Table of Contents

Introduction 1

Vision and Mission 2

Programs 3

Achievements in 2009/2010 6

Minister's Direction 8

Objectives for 2010/2011 9

Budget Summary 11

2010/2011 Budget 13

Introduction

The Northwest Territories Business Development and Investment Corporation (BDIC) was established on April 1, 2005 and is now entering its sixth year of operations. The BDIC's mandate is to:

> *... support the economic objectives of the Government of the Northwest Territories in a manner that benefits the people and the economy of the Northwest Territories by*
>
> *a. encouraging the creation and development of business enterprises;*
>
> *b. providing financial assistance to business enterprises, either on its own or as a complement to private sector or other financing;*
>
> *c. directly investing in business enterprises; and*
>
> *d. providing information to business enterprises and members of the public respecting*
>
> *i. the establishment and operation of businesses, and*
>
> *ii. other business matters.*

The establishment of the BDIC streamlines and improves the coordination of the GNWT's business assistance programs, allowing for more flexibility in the delivery of programs and a broader range of services, including business information services.

BDIC NWT

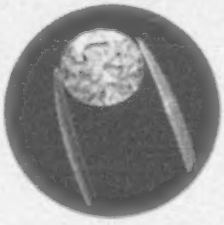
Vision

The BDIC is a recognized leader in the NWT's regional economic development and the growth of a dynamic small and mid-sized business sector.

Mission

We are business people working for other business people - providing across all NWT communities access to business financing, business support services and business development assistance.

We proactively bring stakeholders together to enhance business capacity, sustain self sufficiency and increase community prosperity.



Programs

The BDIC Act enables the BDIC to be flexible in developing and delivering business programs to meet its mandate and fulfill its vision and mission. The BDIC's programs and services are available to businesses in the Northwest Territories.

The BDIC currently offers a variety of financial programs and business services to its clients.

Financial Programs

Credit Facilities

The Credit Facilities program is a debt financing program. The BDIC lends to northern businesses where conventional lending institutions are not prepared to participate and also lends to businesses in communities where commercial banks are not operating. The terms can be flexible to meet the needs of individual clients.

The BDIC also provides Standby Letters of Credit for contract security and to support businesses in obtaining credit from their suppliers.

In 2009/2010, the BDIC's Credit Facilities program portfolio was approximately $4.7 million.

Venture Investments

The BDIC's Venture Investment program is an equity financing program, providing patient capital to enhance clients' ongoing stake in a business or project. The BDIC invests in return for preferred shares. The client pays dividends to the BDIC and buys back the preferred shares from the BDIC over time.

Funding from the Venture Investment program is tied to the number of jobs to be created and maintained by the business.

In 2009/2010, the BDIC's Venture Investment program portfolio was approximately $1.8 million.

Contributions

The BDIC offers contributions for start-up and expansion projects including feasibility assessments, development of new products, preparation of marketing and business plans and pilot projects. Contributions are small amounts of funding which the client need not repay.

In 2009/2010, the BDIC approved approximately $250,000 in contribution funding.

Subsidiary Companies

The BDIC owns subsidiary companies and provides them with operating funds or capital funds for new facilities or equipment. This funding is provided so the subsidiary can create and maintain employment within the community. Where necessary, the BDIC also provides a range of support services to its subsidiaries including accounting, marketing, and general operational support. Several of the BDIC's subsidiaries promote traditional fine arts and crafts activities and the use of traditional materials, which supports the local economy.

Funding from the Subsidiary program is tied to the number of jobs to be created and maintained by the business.

In 2009/2010, the BDIC had six operating subsidiaries, which maintained the equivalent of 17 full-time positions in Fort Liard, Fort McPherson, Fort Providence, Nahanni Butte, Ulukhaktok, and Yellowknife. The BDIC's Subsidiary program investment has been approximately $4.2 million.

Funding Available

The funding available from the BDIC differs by program, as follows:

Credit Facilities program

- A maximum of $2 million in combined loan and venture investment funding is available to a business or group of related businesses.
- Funding over these limits is available with Financial Management Board approval.

Venture Investment program

- A maximum of $100,000 per job created or maintained is available as an initial investment.
- A maximum of $250,000 or 25% of the amount initially invested, whichever is lower, is available as a subsequent investment in the same business enterprise.
- A maximum of $2 million in combined venture investment and loan funding is available to a business or group of related businesses.
- Funding over these limits is available with Financial Management Board approval.

Contribution program

- A lifetime maximum of $10,000 is available per business.

Subsidiary program

- A maximum of $100,000 per job created or maintained is available as an initial investment.
- A maximum of $25,000 per job created or maintained is available as an annual operating subsidy.
- A maximum of $250,000 or 25% of the amount initially invested, whichever is lower, is available as a subsequent investment in the same business enterprise.
- Funding over these limits is available with Financial Management Board approval.

Business Support Services

The BDIC provides a range of business services to support new and existing clients through Canada Business NWT, which offers access to the internet, computer workstations and other office equipment, a lending library, research services, and a regular series of video-conferencing sessions on topics of interest to entrepreneurs.

Canada Business NWT is housed by the BDIC and operated in partnership with Industry Canada. Its mission is to contribute to economic growth by ensuring that business people in every part of the NWT have access to accurate, timely and relevant business information through a convenient single window. It provides a wide range of information on small business programs, services and regulations to the public.

Publications and other information sources are available to northern communities through the Canada Business NWT website (www.cbsc.org/nwt). Canada Business NWT also arranges with other organizations, such as Community Futures Development Corporations, to set up access points in NWT communities. Access points consist of a computer with internet access and hard copies of documents from the Centre's library of business-related publications. There is at least one access point in each region of the NWT.

In 2009/2010, Canada Business NWT served over 260 clients and its website received over 36,000 internet visits. Canada Business NWT also hosted over 59 business information seminars that attracted more than 127 participants.

CANADA BUSINESS NWT

Achievements in 2009/2010

The BDIC established nine objectives for 2009/2010 that directly support the GNWT's economic goals and priorities and reflect the Minister's and Board's direction for the BDIC.

Promote the BDIC's programs in regions with fewer active BDIC clients

Results

The BDIC visited Norman Wells, Colville Lake, and Dettah to promote BDIC programs. (See Appendix A for BDIC's program activity by community)

Work towards a new BDIC subsidiary in a Level III community.

Results

Potential application from the Inuvik region

Establish a new economic development initiative in at least three communities currently without an active BDIC client.

Results

The BDIC approved applications from Colville Lake and Aklavik.

Introduce new credit facility products to complement the BDIC's existing programs.

Results

On June 19, the Minister Responsible for the BDIC, Robert R. McLeod, announced the BDIC's new programs and the Reduced Interest Rate Initiative.

Review the Venture Investment program.

Results

Work in progress

Develop and implement an award program to recognize successful BDIC clients.

Results

A draft has been prepared

Host a two-day conference for BDIC delivery agents and staff.

Results

Held on December 2 and 3, 2009, the conference delivered presentations to Economic Development Officers, Business Development Officers, managers and superintendants. Presentations included an overview of the BDIC's programs, clarification on the BDIC's policies, project evaluation, timelines and meeting client needs, loan covenants, annual loan reviews and training on the BDIC's new information management system.

Build business and entrepreneurial capacity in communities through partnerships with other institutions.

Results

BDIC and Aurora College MOU (signed July 3, 2009) - The general intent of the parties is to cooperate in the delivery of mutually agreed courses in different programs at Aurora College, with a focus to improve knowledge and skills of students in business and economic development programs on one hand, and professional development of the BDIC staff and related employees on the other.

BDIC and NWT Chamber of Commerce MOU (signed September 4, 2009) - The general intent of the parties is to cooperate and share costs in carrying out mutually agreed activities to promote business attraction, development and retention for creating, maintaining and fostering employment and economic activities in Northwest Territories.

BDIC and the Sahtu Business Development Centre MOU (signed December 2, 2009) - The purpose of this agreement is to provide for joint client transactions in order to enhance the financing options offered to clients.

Host a two-day training conference for the General Managers and senior staff of BDIC subsidiaries.

Results

The two-day manager conference held on January 28 and 29, 2010 included presentations on bookkeeping, employment standards, workplace safety, and supervisory and management strategies. Subsidiary Presidents were also invited.

Minister's Direction

Summary of the Minister's Directive on specific priorities for the BDIC:

- Key roles of the BDIC are to provide centralized financial services for businesses and to establish processes to control, monitor, evaluate and report on those financial services.
- The current economic situation will require flexibility in lending and loan management approaches to support the BDIC's developmental mandate.
- The BDIC should be receptive to using its financial programs other than the loans program where the client's circumstances warrant.
- The aim is to have BDIC programs actively supporting economic development in every community in the Northwest Territories.
- The BDIC should, in consultation with Industry, Tourism and Investment (ITI), review its existing contribution program in light of the newly-established Support for Entrepreneurship and Economic Development (SEED) program to clarify whether or not the two programs have sufficiently distinct purposes to warrant separate programs.
- Work closely with ITI as the delivery agent for the BDIC loan program.

Objectives for 2010/2011

Supporting the GNWT's Economic Objectives

The BDIC supports the economic objectives of the Government of the Northwest Territories. The 16th Legislative Assembly has established the following goal for the territorial economy:

A diversified economy that provides all communities and regions with opportunities and choices.

In support of this goal, the Legislative Assembly has identified four priorities:

- Promote development that reduces regional and community disparities.
- Work with regional business corporations and other partners to identify new economic opportunities.
- Support the development of sustainable local economies through small businesses and community-based sectors such as tourism, agriculture, arts and crafts, and the traditional economy.
- Build community human resource capacity with an emphasis on trades and entrepreneurial skills.

Responding to the Minister's Direction

As a result of the direction received from the Minister, the BDIC Board has directed the Corporation to:

- Focus on providing centralized business financial services by controlling, monitoring, evaluating and reporting on loans, ventures and subsidiaries.
- Actively promote and support economic development in every community in the Northwest Territories.
- Use flexible lending practices and file management approaches in response to the current economic situation.
- Continue to support developmental lending where appropriate.
- Encourage the use of other BDIC financial and non-financial programs where circumstances warrant.

The BDIC's Objectives for 2010/2011

The BDIC has established nine objectives for 2010/2011 that directly support the GNWT's economic goals and priorities and that reflect the Minister's and Board's direction for the BDIC.

GNWT Goal:

A diversified economy that provides all communities and regions with opportunities and choices.

GNWT Priority:

Promote development that reduces regional and community disparities.

BDIC Objectives 2010/2011:

- Promote the BDIC's programs in regions with fewer active BDIC clients to ensure the BDIC's presence in all NWT communities.
- Enhance community consultations to work towards establishing new BDIC subsidiaries in Level III communities.
- Strengthen communication strategy to foster easy access to BDIC programs by clients in remote communities.

GNWT Priority:

Work with regional business corporations and other partners to identify new economic opportunities.

BDIC Objectives 2010/2011:

- Promote research initiatives to identify new economic opportunities and to develop appropriate BDIC programs.

GNWT Priority:

Support the development of sustainable local economies through small business and community based sectors such as tourism, agriculture, arts and crafts, and the traditional economy.

BDIC Objectives 2010/2011:

- Promote small business development initiatives in communities by offering community open houses, workshops and face-to-face meetings.
- Modify the Venture Investment program and develop comprehensive Policies and Procedures.
- Promote the subsidiary program in communities as a means of developing sustainable local economies.

GNWT Priority:

Build community human resource capacity with an emphasis on trades and entrepreneurial skills.

BDIC Objectives 2010/2011:

- Promote learning and growth opportunities for delivery agents and subsidiary staff to ensure consistency, compliance and effective delivery of BDIC programs and help develop entrepreneurial skills at the community level.
- Foster an environment of "Northerners Working Together" by promoting partnerships with various financial institutions, community based organizations, educational institutions and organizations serving the business community as a whole.

Budget Summary

The BDIC's budget is divided into two separate sets of funds: the Contribution Fund and the Loan and Investment Fund.

The Contribution Fund receives annual funding from the GNWT and through internal sources. Money in this fund is used for:

- Annual subsidy payments to BDIC subsidiaries.
- Capital investments in BDIC subsidiaries (either to establish new subsidiaries or for capital improvements required to maintain existing subsidiaries).
- The BDIC's operating expenses, which include the costs associated with the delivery of all financial programs, including loans and venture investments, and business services programs and the provision of accounting, marketing, and operational support to the BDIC's subsidiary companies.

The Loan and Investment Fund is funded internally through repayments from clients or through borrowing from the GNWT. Money in this fund provides credit to and equity investment in northern businesses through the BDIC's Credit Facilities and Venture Investment programs.

The budget for each set of funds is presented separately to provide transparency, facilitate control and enhance accountability.

Contribution Fund

The Contribution Fund provides funding to four separate funds:

- The Subsidy Fund provides subsidies to the subsidiaries.
- The Capital Fund provides start-up costs to new subsidiaries.
- The Capital Reserve Fund provides financial assistance for capital repairs to existing subsidiaries. The equivalent of 10% of the financial assistance provided within the Capital Fund will be allocated from the GNWT's contribution.
- The General Operating Fund receives a contribution from the GNWT, and interest income generated through the BDIC's participation in the GNWT's investment pool. Operating expenses incurred to provide the BDIC's business services programs and support the BDIC's financial programs come out of this fund.

The BDIC forecasts a contribution of $3,623,000 for operations in the 2010/2011 fiscal year from the GNWT. Of this amount, $975,000 will be allocated to the subsidiaries and and the balance of $2,648,000 will be allocated to the General Operating Fund for operations. In addition, the BDIC forecasts interest income of $40,000 that will be allocated to the General Operating Fund for a total of $2,688,000.

Loan and Investment Fund

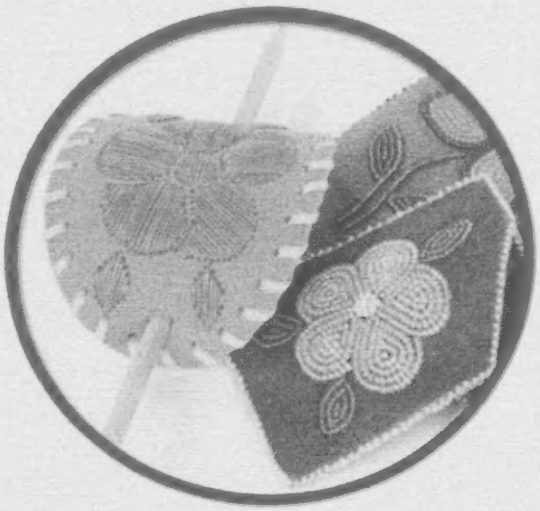
Under its Act, the BDIC is required to establish a Loan and Investment Fund. This Fund is a source of cash for two of the BDIC's financial programs, loan and venture investments. Each financial program has its own fund:

- The Loan Fund provides loan capital to existing and new loan clients. Payments received are used for lending purposes.
- The Venture Investment Fund provides equity investment assistance to new and existing venture clients. Payments received are used for investment purposes.

Disbursements for loans and venture investments are issued from, and repayments from clients are deposited into, the respective funds.

If there is insufficient money available for lending or investment purposes, the BDIC can borrow up to $150 million from the GNWT subject to the borrowing limit set by the Financial Management Board, currently at $45 million.

Interest charged by the GNWT on the outstanding balance is based on the GNWT's long term borrowing rate.



2010/2011 Budget

Exhibit 1 - Contribution Fund Budget Summary ($000)
2011 Fiscal Year

	Subsidy Fund	Capital Fund	Capital Reserve Fund	General Operating Fund
Opening Balance	996	1,201	89	3,425
Sources of Cash	700	250	25	2,688
Use of Cash	1,100	350	40	2,733
Closing Balance	596	1,101	74	3,380

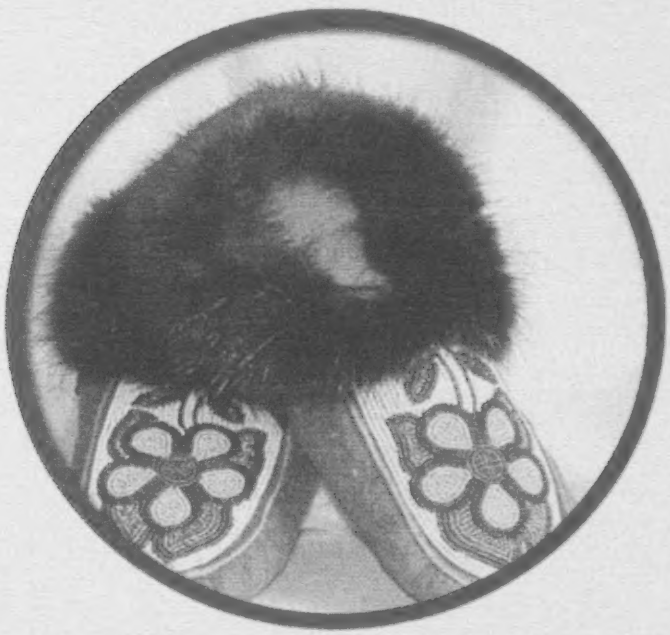


Exhibit 2 - Subsidy Fund Budget ($000)
2011 Fiscal Year

	Budgeted 2011	Budgeted 2010	Projected 2010
Opening Balance	996	1,149	1,116
Sources of Cash:			
GNWT Contribution	700	800	800
Sub-Total	700	800	800
Uses of Cash:			
Contributions:			
Business Development Projects (1)	200	200	250
Subsidiaries (2):			
5983 NWT Ltd. (3)	230	229	100
Acho Dene Native Crafts Ltd. (3)	125	125	125
Arctic Canada Trading Co. Ltd. (3)	50	50	50
Dene Fur Clouds Ltd. (3)	200	200	200
913044 NWT Ltd.	70	100	70
Nahanni Butte General Store Ltd. (3)	125	125	125
Rae Lakes General Store Ltd. (4)	-	150	-
New Subsidiary	100	100	-
Sub-Total	1,100	1,279	920
Closing Balance	596	670	996

Notes to the Subsidy Fund:

The BDIC may, for each job directly or indirectly created in a project or subsidiary, pay from the Subsidy Fund to a subsidiary or for the benefit of a project, a subsidy for operating costs each fiscal year in an amount not exceeding the prescribed maximum of $25,000 per job. An amount greater than the prescribed maximum for a project or subsidiary requires FMB approval.

A job is one where the job is created within a subsidiary or venture company as a result of its economic activities. One job is equivalent to one person-year and each person-year will equal to 1,725 hours of work per year (positions can be aggregated for purposes of calculating this number). Payroll records are the primary source of information when calculating 'direct jobs'. The following table shows the direct jobs expected to be created by each subsidiary in 2010/2011.

Subsidiary	Jobs Created
5983 NWT Ltd.	1.3
Acho Dene Native Crafts Ltd.	3.6
Arctic Canada Trading Co. Ltd.	0
Dene Fur Clouds Ltd.	4.2
913044 NWT Ltd.	4.4
Nahanni Butte General Store Ltd.	2.4

1. Business Development Projects are contributions used for feasibility assessments, project start-ups, research projects and occasionally short-term projects that create employment opportunities.
2. Subsidies are approved up to a maximum and distribution is based on need. Unused approvals are de-committed, pooled and carried forward to the next year for the benefit of the Subsidy Fund.
3. Five of the subsidiaries, 5983 NWT Ltd., Acho Dene Native Crafts Ltd., Arctic Canada Trading Company Ltd., Dene Fur Clouds Ltd. and Nahanni Butte General Store Ltd. will draw a subsidy larger than the prescribed maximum.
4. The Rae Lake General Store Ltd. was sold effective April 1, 2009.

Exhibit 3 - Capital Fund Budget ($000)
2011 Fiscal Year

	Budgeted 2011	Budgeted 2010	Projected 2010
Opening Balance	1,201	1,434	1,234
Sources of Cash:			
GNWT Contribution	250	100	100
Rae Lakes General Store Ltd. (1)	-	-	167
Sub-Total	250	100	267
Uses of Cash:			
Subsidiaries (2):			
5983 NWT Ltd.	150	200	300
Proposed New Subsidiary	200	200	-
Sub-Total	350	400	300
Closing Balance	1,101	1,134	1,201

Notes to the Capital Fund:

1. Proceeds from the sale of the Rae Lakes General Store Ltd.
2. The BDIC may, for each job directly or indirectly created in a project or subsidiary, pay from the Capital Fund to a subsidiary or for the benefit of a project, an initial investment in, an amount not exceeding the prescribed maximum of $100,000 per direct job or in an amount greater than the prescribed maximum for the project or subsidiary with the approval of the FMB.

Exhibit 4 - Capital Reserve Fund Budget ($000)
2011 Fiscal Year

	Budgeted 2011	Budgeted 2010	Projected 2010
Opening Balance	89	39	59
Sources of Cash:			
GNWT Contribution	25	10	30
Rae Lakes General Store Ltd.	-	123	-
Sub-Total	25	133	30
Uses of Cash:			
Nahanni Butte General Store Ltd.	40	50	-
Rae Lakes General Store Ltd.	-	30	-
Sub-Total	40	80	-
Closing Balance	74	92	89

Exhibit 5 - General Operating Fund Budget ($000)
2011 Fiscal Year

	Budgeted 2011	Budgeted 2010	Projected 2010
Opening Balance	3,425	3,226	3,166
Sources of Cash:			
GNWT Contribution	2,648	2,589	2,639
Interest	40	215	38
Sub-Total	2,688	2,804	2,677
Uses of Cash:			
Operation Expenditures			
Advertising	65	75	40
Board expenses	90	95	65
Computers	68	65	70
Office	75	80	60
Purchased services	160	150	150
Telephone & communications	30	20	18
Travel	95	95	65
Salaries & benefits	2,150	2,095	1,950
Sub-Total	2,733	2,675	2,418
Closing Balance	3,380	3,355	3,425

Exhibit 6 - Loan and Investment Fund Budget Summary ($000)
2011 Fiscal Year

	Venture Invetsment Fund	Loan Fund
Opening Balance	4,120	975
Sources of Cash	15	7,106
Use of Cash	300	7,300
Closing Balance	3,835	781

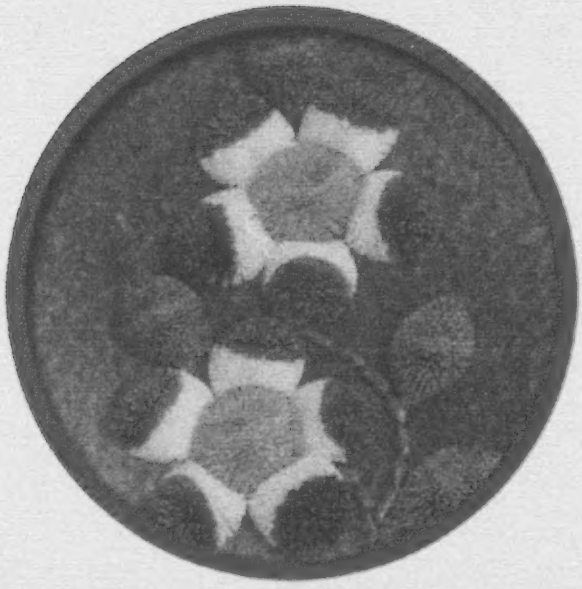


Exhibit 7 - Venture Investment Fund Budget ($000)
2011 Fiscal Year

	Budgeted 2011	Budgeted 2010	Projected 2010
Opening Balance	4,120	4,103	4,103
Sources of Cash:			
Dividends	15	9	17
Redemptions and other interest	-	-	-
Sub-Total	15	9	17
Uses of Cash:			
Venture Investments	300	500	-
Sub-Total	300	500	-
Closing Balance	3,835	3,612	4,120

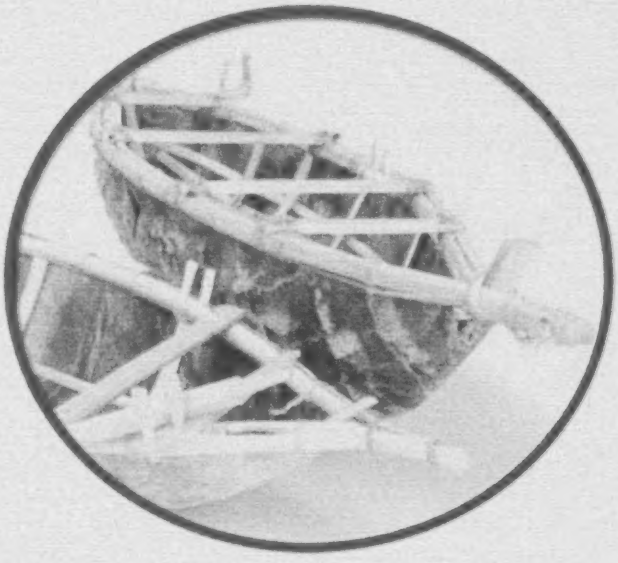


Exhibit 8 - Loan Fund Budget ($000)
2011 Fiscal Year

	Budgeted 2011	Budgeted 2010	Projected 2010
Opening Balance	975	1,225	723
Sources of Cash:			
Repayments received	5,100	5,300	7,103
Interest Income	6	35	5
Borrowed from the GNWT (net)	2,000	500	4,000
Sub-Total	7,106	5,835	11,108
Uses of Cash:			
Loans disbursed	7,300	6,900	12,806
Repayment to the GNWT (net)	-	-	-
Sub-Total	7,300	6,900	12,806
Closing Balance	781	160	975

Appendix

Appendix 1

Program Activity by Community in 2009/2010

Community[1]	Programs			
	Loan or Venture Investment[2]	Subsidiary[2]	Contribution[3]	CBNWT RAP[4]
Aklavik			✓	
Behchokò				
Colville Lake			✓	
Déline	✓			
Dettah				
Enterprise	✓			
Fort Good Hope	✓			
Fort Liard	✓	✓		
Fort McPherson	✓	✓		
Fort Providence	✓	✓		
Fort Resolution	✓			
Fort Simpson	✓			✓
Fort Smith	✓			✓
Gamèti		✓		
Hay River	✓		✓	
Hay River Reserve	✓			
Inuvik	✓		✓	✓

Community[1]	Programs			
	Loan or Venture Investment[2]	Subsidiary[2]	Contribution[3]	CBNWT RAP[4]
Jean Marie River	✓			
Kakisa	✓			
Lutselk'e	✓			
Nahanni Butte		✓		
N'dilo	✓			
Norman Wells	✓			✓
Paulatuk	✓			
Sachs Harbour	✓			
Trout Lake				
Tsiigehtchic				
Tuktoyaktuk	✓			
Tulita	✓			
Ulukhaktok	✓	✓		
Wekweètì	✓			
Whatì	✓			
Wrigley	✓		✓	
Yellowknife	✓	✓	✓	

1. Communities are as listed on the Municipal and Community Affairs website.
2. Loans, venture investments and subsidiaries are files that are or were open in 2009/2010.
3. Contributions are files that were approved in 2009/2010.
4. CBNWT Regional Access Partners (RAPs)

Northwest Territories Business Development and Investment Corportation

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